

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4947 (Substitute H-2 as reported with amendment)
House Bill 4948 (Substitute H-2 as reported with amendment)
Sponsor: Representative Michael Bishop (H.B. 4947)
Representative Steve Vear (H.B. 4948)
House Committee: Commerce
Senate Committee: Government Operations

CONTENT

House Bills 4947 (H-2) and 4948 (H-2) would amend the Single Business Tax Act and the Income Tax Act, respectively, to delete the requirement that a rehabilitation plan be certified before 2003, in order for a qualified taxpayer to receive a tax credit for the rehabilitation of a historic resource. The bills also would transfer various responsibilities from the Department of State to the "Department of History, Arts, and Libraries" (which House Bill 4941 (S-1) would create). The bills are tie-barred to House Bill 4941 and would take effect August 6, 2001.

The Acts allow a qualified taxpayer to claim a credit against either or both taxes equal to 25% of qualified expenditures made for the rehabilitation of a historic resource. Currently, a qualified taxpayer must have a rehabilitation plan certified by the Michigan Historical Center after December 31, 1998, and before January 1, 2003, in order to claim a credit. Under the bills, a plan would not have to be certified before January 1, 2003.

The Acts' definitions of "qualified expenditures" state that expenditures made after December 31, 2002, and not more than five years after the certification of the rehabilitation plan are qualified expenditures only if the plan received certification by the Michigan Historical Center before January 1, 2003. The bill would delete that language.

Under the Acts, if the credit exceeds the taxpayer's tax liability for a tax year, the excess portion may be carried forward for 10 years or until used up, whichever occurs first. The Acts specify that a carryforward may be claimed in tax years that begin after December 31, 2002, for a credit based on a rehabilitation plan certified before January 1, 2003. The bills would delete that provision (but retain the provision allowing a carryforward).

MCL 208.39c (H.B. 4947)
206.266 (H.B. 4948)

Legislative Analyst: G. Towne

FISCAL IMPACT

By eliminating the current sunset on the income tax and single business tax historic preservation credits, the bills would extend the credits indefinitely. The potential fiscal impact of extending these credits is not known at this time because the number of projects that have been approved and the amount of expenditures that taxpayers will eventually be able to claim under these relatively new credits, are not currently available; however, removing the sunset on these credits would not have a fiscal impact until after FY 2002-03.

Date Completed: 7-11-01

Fiscal Analyst: J. Wortley

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Analysis available @ <http://www.michiganlegislature.org>

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